

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 98-136-C – ORDER NO. 98-809

OCTOBER 20, 1998

IN RE:	Application of Discounted Long Distance, Inc.)	ORDER	✓ MR
	d/b/a Discount Long Distance for a Certificate)	APPROVING	
	of Public Convenience and Necessity to Provide)	CERTIFICATE AND	
	Resold Intrastate Interexchange Telecommuni- cations and for Alternative Regulation.)	ALTERNATIVE REGULATION	

This matter comes before the Public Service Commission of South Carolina (the “Commission”) by way of the Application of Discounted Long Distance, Inc. d/b/a Discount Long Distance (“DLD” or the “Company”) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of interexchange telecommunications services in the State of South Carolina. The Company’s Application was filed pursuant to S.C. Code Ann. §58-9-280 (Supp. 1997) and the Regulations of the Public Service Commission of South Carolina. By its Application, DLD also requested alternative regulation of its business services offerings identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C.

The Commission’s Executive Director instructed DLD to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of DLD’s Application and of the manner and time in which to file the appropriate pleadings for participation in the proceeding. DLD complied with this instruction and provided the Commission with

proof of publication of the Notice of Filing. No Petitions to Intervene or Protests were filed.

A hearing was convened on September 29, 1998, at 11:00 a.m. in the Commission's Hearing Room at 101 Executive Drive, Columbia, South Carolina. The Honorable William Saunders, Vice-Chairman, presided. Frank R. Ellerbe, III, Esquire represented DLD. Florence P. Belser, Staff Counsel, represented the Commission Staff.

Robert W. George, President of DLD, appeared and testified in support of the Application. The record reveals that DLD is a privately held Tennessee corporation which is registered to conduct business in South Carolina as a foreign corporation. According to Mr. George, DLD is a switchless reseller of interexchange telecommunications services, and DLD relies on its underlying carriers for all facets of the network and switching capabilities. Mr. George stated that DLD proposes to provide a variety of telecommunications services, including 1+ direct dialing, in-bound toll free calling, and travel card services. In explaining DLD's request for authority, Mr. George discussed DLD's services, operations, customer service, billing services, and marketing procedures.

Mr. George also discussed DLD's technical, financial, and managerial resources to provide the services for which it seeks authority to provide. The record reveals that the management personnel of DLD have experience in the telecommunications industry as well as experience in administration, data processing and programming, customer service, marketing, and software development. With regard to DLD's financial ability to provide resold telecommunications services, Mr. George stated that DLD has the financial backing of its shareholders and stated that DLD is financially able to provide

services in South Carolina. According to Mr. George, minimal capital investment is required from DLD to enter the South Carolina market. Additional costs incurred by DLD for South Carolina customers will be incremental per-call costs assessed by the underlying carriers for switching and transporting calls, and Mr. George testified that these costs will be recovered in rates charged to DLD customers. Mr. George stated that DLD would operate in accordance with Commission rules, regulations, guidelines, and Commission Orders.

Mr. George also offered that approval of DLD's application would serve the public interest by enhancing competition in the interexchange marketplace thereby encouraging technological innovation and efficient use of resources as well as providing a wide variety of services and prices from which customers can choose.

After full consideration of the applicable law, the Company's Application, and the evidence presented at the hearing, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. DLD is organized as a corporation under the laws of the State of Tennessee and is authorized to do business as a foreign corporation in the State of South Carolina by the Secretary of State.
2. DLD operates as a non-facilities based reseller of interexchange services and wishes to provide its services in South Carolina.
3. DLD has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to DLD to provide intrastate interLATA service and to originate and terminate toll traffic within the same LATA, as set forth herein, through its own facilities and through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for DLD for its resale of residential services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. DLD shall not adjust its residential rates below the approved maximum level without notice to the Commission and to the public. DLD shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level for residential services reflected in the tariff which

would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1997).

4. With respect to DLD's business service offerings including credit card services, operator services, and customer network offerings, the Commission adopts a relaxed regulatory scheme identical to that granted to AT&T Communications in Order Nos. 95-1734 and 96-55 in Docket No. 95-661-C. Under this relaxed regulatory scheme, tariff filings for business services shall be presumed valid upon filing. The Commission will have seven (7) days in which to institute an investigation of any tariff filing. If the Commission institutes an investigation of a particular tariff filing within the seven days, the tariff filing will then be suspended until further Order of the Commission. Any relaxation in the future reporting requirements that may be adopted for AT&T shall apply to DLD also.

5. If it has not already done so by the date of issuance of this Order, DLD shall file its revised tariff and an accompanying price list within thirty (30) days of receipt of this Order. The revised tariff shall be consistent with the findings of this Order, shall incorporate the changes as suggested by Staff and agreed to by DLD, and shall be consistent with the Commission's Rules and Regulations.

6. DLD is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers and facilities-based interexchange carriers should be treated similarly.

7. With regard to the Company's resale of service, an end-user should be able to access another interexchange carrier or operator service provider if the end-user so desires.

8. DLD shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If DLD changes underlying carriers, it shall notify the Commission in writing.

9. With regard to the origination and termination of toll calls within the same LATA, DLD shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

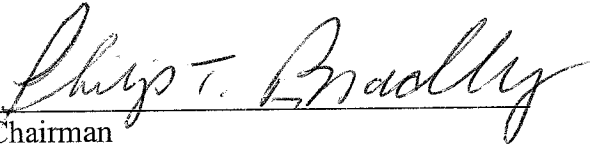
10. DLD shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

11. The Company shall, in compliance with Commission regulations, designate and maintain an authorized utility representative who is prepared to discuss, on a regulatory level, customer relations (complaint) matters, engineering operations, tests and repairs. In addition, the Company shall provide to the Commission in writing the name of the authorized representative to be contacted in connection with general management duties as well as emergencies which occur during non-office hours. DLD shall file the names, addresses and telephone numbers of these representatives with the Commission within thirty (30) days of receipt of this Order. Attachment B shall be utilized for the provision of this information to the Commission. Further, the Company shall promptly notify the Commission in writing if the representatives are replaced.

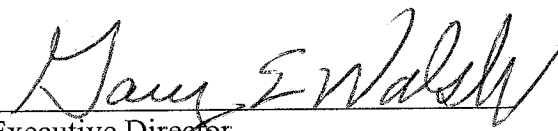
12. The Company is directed to comply with all Rules and Regulations of the Commission, unless a regulation is specifically waived by the Commission.

13. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS FOR INTEREXCHANGE COMPANIES AND AOS'S

COMPANY NAME

FEI NO.

ADDRESS

CITY, STATE, ZIP CODE

PHONE NUMBER

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR
12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- * THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION,
MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN
PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF
CONSTRUCTION AND CUSTOMER DEPOSITS.
- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING
_____.
- * THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION
PAYABLE), PREFERRED STOCK AND COMMON EQUITY.
- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND
EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING
DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT
OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS
METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3
ABOVE).

SIGNATURE

NAME (PLEASE TYPE OF PRINT)

TITLE

DOCKET NO. 98-136-C - ORDER NO. 98-809
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ATTACHMENT B

**INFORMATION OF THE AUTHORIZED UTILITY
REPRESENTATIVES FOR INTEREXCHANGE, LOCAL
AND AOS COMPANIES**

PURSUANT TO SOUTH CAROLINA PUBLIC SERVICE COMMISSION
REGULATION 103-612.2.4(b), each utility shall file and maintain with the Commission
the name, title, address, and telephone number of the persons who should be contacted in
connection with Customer Relations/Complaints.

Company Name/DBA Name

Business Address

City, State, Zip Code

Authorized Utility Representative (Please Print or Type)

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services Department at 803-737-5230

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Business Address

City, State, Zip Code

Authorized Utility Representative (Please

Telephone Number

Fax Number

E-Mail Address

This form was completed by

Signature

If you have any questions, contact the Consumer Services
Department at 803-737-5230

*Michael. Please 11/2
attach this to the
back of the Original
Order No. 98-809
(It was left out).
Tux
Michael*